

WISCONSIN U.C. RATES REMAIN A BARGAIN

Wisconsin recognizes the importance of containing the cost of labor for companies, and takes pride in its ability to serve both Wisconsin workers and Wisconsin business. Employers paid the lowest possible unemployment compensation (U.C.) taxes in again in 2004 for the thirteenth straight year

Wisconsin pioneered unemployment insurance in the United States more than 70 years ago.

In 1982, Wisconsin had to borrow \$737 million from the federal government to cover a surge in unemployment insurance claims. Even after the state reduced benefits to workers and raised taxes on employers, it took until 1989 to retire that loan. Fallout from the shortfall in 1982 prompted the state to tie tax rates to the state's Unemployment Reserve Fund balance.

"It cost employers a frightful amount to pay off the debt and pay off the interest on the debt," according to Wayne Corey, executive director of Wisconsin Independent Businesses Inc. "And we have thought ever since then, 'Never again.' And the current system is set up so it doesn't happen again, and so far it's worked."

Unlike Wisconsin, six states currently are borrowing federal money to bail out their unemployment programs, said Brian Bradley, with the state's unemployment insurance division.

In 2005, the 125,000 Wisconsin employers covered under Wisconsin Unemployment Compensation law will pay U.C. taxes according to "Schedule B," the second lowest of three schedules. In prior years, employers have saved over \$30 million when using the Schedule C.

The rate schedule is determined by the mid-year cash balance of the Wisconsin Unemployment Reserve Fund. Schedule C rates are possible when the fund balance is over \$1 billion. Taxes under Schedule C start at 20 cents per \$1,000 of taxable payroll. By contrast, Schedule A rates start at \$2.70 per \$1,000. Within each schedule, individual employer's tax rates are determined annually based on their size and unemployment experience. Employers pay U.C. taxes on the first \$10,500 of wages paid annually to each employee.

"The average Wisconsin employer in 2003 paid 2.2 percent of taxable wages in U.C. taxes, which was below the U.S. average contribution of 2.3 percent," according to the Unemployment Compensation Division of the Department of Workforce Development.